



**DEPARTMENT OF ENVIRONMENTAL QUALITY
POLICY AND PROCEDURES**

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 1 of 36

ISSUE:

The Procurement Card provides an alternate means for Department of Environmental Quality (DEQ) Divisions/Offices to make purchases necessary to carry out their business functions. The Procurement Card is best suited for incidental purchases that do not require the application of multiple accounting.

POLICY:

The Department supports the use of the State Procurement Card (MasterCard) for employees whose work involves purchasing commodities and/or services within approved, delegated single-purchase limits in accordance with Department of Management and Budget (DMB) and DEQ Policies and Procedures. The DEQ Procurement Card Program shall adhere to the DMB Purchasing Policy and Procurement Card Procedure 0510.03.

The Procurement Card is not to be used to purchase items on State contract or in a manner that circumvents DMB and departmental purchasing policies and procedures.

The following Procurement Card Procedures provide operating information that is mandatory for DEQ employees and supervisors and essential for the program's success:

PROCEDURE A: New Procurement Card Accounts

Covers DEQ spending policy, delegated spending limits, and accounting for purchases; details cardholder responsibilities; and takes the employee and supervisor through the application process.

PROCEDURE B: Using A Procurement Card to Purchase Commodities

PROCEDURE C: Using A Procurement Card to Purchase Services

Provides DEQ spending policy in terms of spending limits and allowed purchases; sets forth the requirements for completing the EQ1446e, Procurement Card Log, maintaining card security, ensuring that card purchases are tax-free sales, and special steps to be followed for internet/phone/mail order purchases.

PROCEDURE D: Procurement Card Billing

Guides the employee and supervisor through the necessary steps to complete billing cycle requirements. Topics include: mandatory reconciliation of transaction documentation, the Procurement Card Log and the Transaction Detail Report; dealing with disputed and/or incorrect charges; indicating exceptions to default

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 2 of 36

accounting; required supervisory signature on the Log indicates transaction review and approval and verifies that each Log transaction is complete; Department payment is completed within the required timeframe.

PROCEDURE E: Making Changes to Procurement Card Accounts

Defines and guides employee and supervisor through various maintenance operations for Procurement Card accounts whether it be to update cardholder information, request spending limit changes, or request account reinstatement or cancellation.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 3 of 36

PROCEDURE A: New Procurement Card Accounts

ISSUE:

The Procurement Card (MasterCard) provides an alternate means for DEQ Divisions/Offices to make purchases necessary to carry out their business functions. An employee whose work involves purchasing commodities and/or services may obtain, with their division's approval, a Procurement Card to be used for making job-related purchases within approved, delegated single-purchase limits in accordance with DMB and DEQ Policies and Procedures. Violations of DMB or DEQ Procurement Card Policies and Procedures or the Procurement Card Program Cardholder Manual may result in the revocation of use privileges and corrective action, up to and including termination of employment.

The Procurement Card may only be used by the approved Cardholder whose name is embossed on the card. Use by anyone other than the approved Cardholder is prohibited. The card is NOT transferable between employees. Security of the card is the responsibility of the employee and should be encouraged by the employee's supervisor. Cards will not be issued for division-wide or location use, or for temporary or contract employees. Employees who are found to have inappropriately used the Procurement Card will be required to reimburse the State of Michigan for all costs associated with such improper use.

The Procurement Card may be used for purchases of \$1,000 or less. DEQ has established the following approved spending limits:

Single Transaction Limit	\$1,000
Monthly Spending Limit	\$5,000

Divisions may request that lower limits be set on a card. Requests for higher limits must be submitted with justification to the DEQ Procurement Card Administrator and approved by the Deputy Director for Operations. Splitting purchases into multiple transactions to avoid exceeding the approved, single transaction limit is prohibited.

The Procurement Card may not be used for the following, except as noted:

- Contract items or services;
Note: Office of Purchasing Letter No. 106 allows Procurement Card purchases on 071B9000753 (Lansing Sanitary Supply – Janitorial Supplies), and 071B9000773 and 071B7000245 (Absopure Water Company – Bottled Water).
- Health and medical services (all such services are 1099-reportable);
- Services for which the State must provide 1099-reporting – normal purchasing Procedures should be followed in these instances;
- Personal use;
- Cash advances;

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 4 of 36

- Travel-related expenses (airline account, travel expense reimbursement, gasoline for State vehicles, etc.).

DEFINITIONS:

DEQ Procurement Card Administrator – Department Procurement Card Program Administrator located in Financial and Business Services Division, Procurement.

DMB Procurement Card Administrator – Procurement Card Program Administrator for Statewide Procurement Card Program, located in DMB, Office of Purchasing, Customer Service Division.

FORMS USED:

Cardholder Manual

<http://deqinet/divisions/fbsd/documents/ProcurementCardholderManual.doc>

EQ1447e, Cardholder Application

<http://deqinet/divisions/fbsd/documents/EQ1447DEQPcardapp.dot>

EQ1448e, Cardholder Agreement

<http://deqinet/electronic/msoffice/template/fbsd/eq1448e%20cardholder%20agreement.dot>

REFERENCE:

DMB Administrative Guide Policy and Procedure 0510.03

<http://mainweb.state.mi.us/other/gsg/0510-03.htm#TopOfPage>

DMB Administrative Guide Policy and Procedure 1210.02

<http://www.state.mi.us/adminguide/1200/1210-02.htm>

PROCEDURE:

Responsibility

Action

DEQ Employee

1. Discusses the need for a State of Michigan Procurement Card with immediate Supervisor.

DEQ Employee and Supervisor

2. Access the Procurement Card Program Cardholder Manual and the Cardholder Application.
3. Read Cardholder Manual and Procurement Card Program Policy and Procedures. Contact DEQ Procurement Card Administrator for additional information, if necessary.

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 5 of 36****Responsibility****Action**DEQ Employee and Supervisor
(cont.)

4. Evaluate the advisability of having a State of Michigan Procurement Card.

If DEQ Supervisor Thinks It Advisable For Employee To Obtain Procurement Card:**Responsibility****Action**

DEQ Employee

5. Completes an EQ1447e, Cardholder Application, for each card desired.
6. Submits completed EQ1447e, Cardholder Application(s), to immediate Supervisor for approval.

DEQ Immediate Supervisor

7. Reviews DEQ employee's Cardholder Application(s) for appropriateness and completeness.
 - A. If Supervisor does NOT concur, notifies employee of reason for denying application and copies Division Administration Section.
 - B. If Supervisor concurs, indicates recommended spending authorization parameters; initials the EQ1447e, Cardholder Application(s); and submits, along with the business reason for the employee having a Procurement Card, to the Division Administration Section for final Division approval.

DEQ Division Administration Section

8. Reviews supporting documentation and application(s) for appropriateness and completeness.
 - A. If Administration Section does NOT concur, notifies Supervisor of reason for denying application.
 - B. If Administration Section concurs, writes default account coding (index, PCA, project, and phase) on the bottom of the EQ1447e and signs before submitting to the DEQ Procurement Card Administrator.

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 6 of 36**

<u>Responsibility</u>	<u>Action</u>
DEQ Procurement Card Administrator	<p>9. Receives DEQ employee's EQ1447e, Cardholder Application(s), and reviews for completeness.</p> <p>10. Forwards the following items to the DMB Procurement Card Administrator:</p> <ul style="list-style-type: none">- Cardholder Application Batch Cover Sheet;- DEQ EQ1447e, Cardholder Application(s);- DEQ Hierarchy Chart noting the applicant(s) placement in the organization.
DMB Procurement Card Administrator	<p>11. Receives and reviews the DEQ Cardholder Application(s) and organization structure information for completeness.</p> <p>12. Records DEQ organizational information for new applications.</p> <p>13. Forwards EQ1447e, Cardholder Application(s), to Credit Card Vendor.</p> <p>14. Confirms Application processing to DEQ Procurement Card Administrator.</p>
Procurement Card Vendor	<p>15. Processes new Cardholder Applications and issues new Procurement Cards.</p> <p>16. Sends new State of Michigan Procurement Cards to DMB, Office of Purchasing.</p>
DMB Office of Purchasing	<p>17. Sends new DEQ Procurement Cards to DEQ Procurement Card Administrator.</p>
DEQ Procurement Card Administrator	<p>18. Receives new Procurement Cards.</p> <p>19. Records the following DEQ Procurement Card applicant information in Cardholder database:</p> <ul style="list-style-type: none">- Employee's name;- Supervisor's name and telephone and fax numbers;

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 7 of 36****Responsibility****Action**DEQ Procurement Card
Administrator (cont.)

- Employee's work location and telephone number;
- Default cost accounting assigned by Division;
- Procurement Card account number.

20. Forwards new Procurement Card, EQ1448e, Cardholder Agreement, and notification memo to employee.

21. Sends copy of notification memo to employee's Supervisor.

DEQ Supervisor

22. Reviews Procurement Card Procedures with DEQ employee.

23. Answers DEQ employee's questions/concerns or refers employee to DEQ Procurement Card Administrator.

24. Asks requesting DEQ employee to read and sign EQ1448e, Cardholder Agreement.

DEQ Employee

25. Reads and understands DEQ Procurement Card Procedures and conditions on the EQ1448e, Cardholder Agreement.

26. Completes and signs Cardholder Agreement.

27. Returns Cardholder Agreement to DEQ Supervisor.

DEQ Supervisor

28. Makes two copies of DEQ employee's signed Cardholder Agreement;
A. Retains copy of DEQ employee's signed Cardholder Agreement in file;
B. Provides a copy of signed Cardholder Agreement to DEQ employee.

29. Sends signed, original Cardholder Agreement to DEQ Procurement Card Administrator.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 8 of 36

Responsibility

Action

DEQ Procurement Card
Administrator

30. Receives DEQ employee's EQ1448e, Cardholder Agreement and files with EQ1447e, Cardholder Application.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 9 of 36

PROCEDURE B: Using a Procurement Card to Purchase Commodities

ISSUE:

The State Procurement Card provides an alternate means for DEQ Divisions and Offices to make purchases. Purchases made with the Procurement Card must comply with DMB and DEQ Policies and Procedures. The use of this Card in no way changes such Policies and Procedures.

With Division approval, DEQ employees whose work involves purchasing commodities may obtain a Procurement Card to be used for job-related purchases. The Procurement Card may ONLY be used by the approved Cardholder whose name is embossed on the card. The card is NOT transferable between employees. Use by anyone other than the approved cardholder is prohibited. Cardholders who inappropriately use the Procurement Card are subject to disciplinary action up to and including termination of employment.

When may I use the card?

The Procurement Card may be used for all authorized business-related purchases of \$1,000 or less except items under State contract. Splitting of charges or purchases to avoid the \$1,000 limit is prohibited.

Note: Office of Purchasing Letter No. 106 allows Procurement Card purchases on 071B9000753 (Lansing Sanitary Supply – Janitorial Supplies), 071B9000773 and 071B7000245 (Absopure Water Company – Bottled Water). Also, some EUC items may be purchased off contract. See <http://www.mieuc.com/information/offcontract.htm> for a detailed listing.

What purchases can't be made with the Procurement Card?

The Procurement Card may NOT be used for the following:

- Cash advances;
- Contract commodities or services (except as noted above);
- Deposit for a hotel room for travel purposes;
- Deposit for rental car while traveling;
- Gasoline/Fuel ;
- Health and medical services – regardless of vendor status* ;
- Personal use;
- Services that are 1099-reportable*;
- Travel-related expenses (airline account, travel expense reimbursement including meals).

* See Using a Procurement Card to Purchase Services

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 10 of 36

What are my responsibilities as a Cardholder?

Cardholders shall comply with DMB and DEQ Policies and Procedures pertaining to the State Procurement Card Program and ensure:

- **Card Security** - The card(s) shall be kept in the Cardholder's possession or locked up at all times. The Procurement Card(s) and account number(s) must be kept secure. Do not post the account number at your desk or write it down anywhere. Do not allow anyone else to use your Procurement Card. The card is not transferable to another employee.
- **Proper Transaction Processing** – Do not exceed the single-transaction dollar limit or other limits established for your account. Never split charges in order to avoid exceeding the transaction limits for your account. Note to the vendor that your transaction is to be tax-exempt. Provide the EQ1450E, Certificate of Tax-Exempt Sale, as supporting documentation of tax-exempt status.
- **Proper Transaction Documentation** – Secure and retain all sales slips, register receipts, and Procurement Card charge slips. Enter and maintain an entry for each transaction on the EQ1446E, Procurement Card Log.
- **Account Reconciliation** - Verify that purchase documentation is available for all transactions on the Cardholder Transaction Detail Report.

FORMS USED:

Procurement Card Charge Slips

EQ1446E, Procurement Card Log

<http://deqinet/electronic/msoffice/xlstart/eq1446e%20procurement%20card%20log.xls>

EQ1450E, Certificate of Tax-Exempt Sale

<http://deqinet/electronic/msoffice/template/fbsd/EQ1450e%20sales%20tax%20exempt.doc>

POLICY REFERENCE:

DMB Administrative Guide Policy and Procedure 0510.03

<http://mainweb.state.mi.us/other/gsg/0510-03.htm#TopOfPage>

Cardholder Manual

<http://deqinet/divisions/fbsd/documents/ProcurementCardholderManual.doc>

DEFINITIONS:

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DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 11 of 36

PROCEDURE:

Responsibility

DEQ Employee

Action

1. Determines there is a business-related need to purchase a commodity.
2. Determines commodity specifications.
3. Seeks assistance of Division Administration Section to determine whether an acceptable commodity is on contract.
 - A. If the commodity is on contract, follows appropriate internal process for making such purchases. See **Note** under: **When may I use the card?** (Page 9)
 - B. If the commodity is not on contract, proceeds with the purchase as long as the total cost (including shipping) is within the single-transaction limit for their account.
4. Refers to appropriate Section below depending on transaction method.

Section I - If Cardholder Transaction Will Be Made On The Internet:

The Internet provides a very convenient tool for making purchases using the Procurement Card. However, Cardholders must take precautions to ensure that Internet transactions do not jeopardize the security that must be maintained for their account(s). The following shall be considered prior to entering into a Procurement Card transaction on the Internet:

- What experience have you had with the vendor?
In this situation, experience and reputation are everything. The tried and true company with a "sterling" reputation that has been around for a while should receive first consideration. Now is not the time to try the new establishment with the flashy WebPage.
- Is the vendor up-front about their policies and guarantees?
- Does the vendor use a secure WebPage - "Secure Socket Layer" ("SSL")? SSL is an advanced encryption technology that protects your credit card information. SSL encrypts all ordering information so no one can read it in transit. In addition to the vendor's Guarantee of Privacy, SSL may be indicated by: (1) web address ending in an "s," i.e. "https" or (2) prominent placement of a closed padlock or a key on the WebPage.
Be aware that all pages on a website may not be secure or the security may not be activated. A broken key or open padlock may indicate inactive security.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 12 of 36

- Require that the vendors you deal with demonstrate a commitment to customer privacy.
- Does the vendor's website give you the ability to track your order(s)?
- Will you be able to evaluate product acceptability within their return policy timeframe?

Responsibility

DEQ Employee

Action

5. Logs on to the Internet.
 - A. Enters the URL "address," or
 - B. Requests a "search" using a keyword, phrase, or subject category.
6. Determines the best buy situation for the Department by considering:
 - A. Whether the product will satisfy the intended use.
 - B. Price, including shipping charges.
 - C. Availability according to user/Division needs.
7. Contacts vendor considered the best source for the purchase.
8. Determines whether selected vendor(s) offers a secure on-line order form.
 - A. If website is not secure (per the information above), obtains vendor's telephone number and proceeds to place order via telephone. See Section II.
 - B. If website is secure (per the information above), follows the vendor's online instructions for placing order.
9. Verifies order summary information prior to submitting order:
 - A. Ship To (work location) and Bill To addresses.

Note: The "Bill To" address for ALL State of Michigan Procurement Cards is: c/o DMB Purchasing - Pcard
530 W. Allegan, 2nd Floor
Lansing, MI 48933.
 - B. Credit Card account number is correct.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 13 of 36

Responsibility

DEQ Employee (cont.)

Action

- C. Sales tax is not to be included.
Note: Provides vendor with a fax or electronic copy of EQ1450E, Certificate of Tax-Exempt Sale, and adds message to order stating "Sale to Governmental Agency, Tax-Exempt," prior to completion of online transaction.
 - D. Quantity, product number, description, and price of the item(s) ordered are correct.
 - E. Adds message to vendor: "Do NOT write credit card number on packing slip. Indicate the purchase is by credit card and include credit card charge slip inside the package."
- 10. Prints a copy of order summary and submits order according to online instructions.
 - 11. Receives e-mail order confirmation from vendor.
Note: This should include an order confirmation number.
 - 12. Enters order confirmation number on vendor's website to obtain shipping information.
 - A. Estimated delivery timeframe may be provided.
 - B. A Shipper Tracking Number allows tracking of your order.
 - 13. Enters and maintains transaction information on the EQ1446E, Procurement Card Log.
 - 14. Receives merchandise. Checks merchandise and packing slip against online transaction information.
 - 15. Reviews the Procurement Card charge slip for correct charge amount.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 14 of 36

Responsibility

Action

DEQ Employee (cont.)

16. Records receipt of merchandise on EQ1446E along with any notes regarding the transaction.
17. If merchandise or transaction charges are incorrect, the Cardholder shall immediately contact the vendor.
18. If resolution of transaction error(s) is not satisfactory, contacts DEQ Procurement Card Administrator.
19. Retains transaction documentation in secure file until Cardholder Transaction Detail is received.

DEQ Employee and
DEQ Supervisor

20. Follow steps in Procedure D, Procurement Card Billing.

Section II - If Cardholder Transaction Will Be By Phone:

Follow steps 1-4 first.

Responsibility

Action

DEQ Employee

21. Determines the best buy situation for the Department by considering:
 - A. Whether the product will satisfy the intended use.
 - B. Price, including shipping charges.
 - C. Availability according to user/Division needs.
22. Contacts vendor considered the best source for the purchase.
23. Confirms product availability and applicable delivery terms with the chosen vendor.
24. Tells the vendor that the purchase:
 - A. Is being made for the State of Michigan.
 - B. Is tax-exempt.*
 - C. Payment will be made using a MasterCard Procurement Card.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 15 of 36

Responsibility

DEQ Employee (cont.)

Action

* Provides a copy of EQ1450E, Certificate of Tax-Exempt Sale, if the vendor requires documentation for tax and audit purposes.

25. Provides the vendor with the Procurement Card number and the expiration date.
26. Requests that the vendor:
 - A. Indicates on the packing slip that the purchase is made by credit card.
 - B. DOES NOT write the credit card account number on the packing slip.
 - C. Ships the package to the Cardholder with the packing slip inside package.
 - D. DOES NOT write the credit card account number on the outside of the package.

Note: All merchandise shall be shipped to the employee's work location. The "Bill To" address for all State of Michigan Procurement Cards is:
c/o DMB Purchasing – Pcard
530 W. Allegan, 2nd Floor
Lansing, MI 48933.
27. Obtains an order number and probable ship/receipt date for merchandise ordered.
28. Enters and maintains transaction information on the EQ1446E, Procurement Card Log.
29. Receives merchandise. Checks merchandise and packing slip against EQ1446E and supporting documentation.
30. Reviews the Procurement Card charge slip for correct amount.
31. Records receipt of merchandise on EQ1446E along with any notes regarding the transaction.

Responsibility

Action

DEQ Employee (cont.)

32. If merchandise or transaction charges are incorrect, the Cardholder shall immediately contact the vendor.
33. If resolution of transaction error(s) is not satisfactory, contacts DEQ Procurement Card Administrator.
34. Retains transaction documentation in secure file until Cardholder Transaction Detail is received.

DEQ Employee and
DEQ Supervisor

35. Follow steps in Procedure D, Procurement Card Billing.

Section III - If Cardholder is making a local, in person purchase:
Follow Steps 1-4 first.

Responsibility

Action

DEQ Employee

36. Determines vendor that is the best source for the commodity needed.
37. Tells the vendor that the purchase:
 - A. Is being made for the State of Michigan.
 - B. Is tax-exempt.*
 - C. Payment will be made using a MasterCard Procurement Card.
- * Provide a copy of EQ1450E, Certificate of Tax-Exempt Sale, if the vendor requires documentation for tax and audit purposes.
38. Presents Procurement Card to the vendor.
39. Reviews the Procurement Card sales slip (to make sure taxes have not been added and transaction total is correct).
 - A. If transaction is correct, signs the charge slip and receives the customer copy.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 17 of 36

Responsibility

Action

DEQ Employee (cont.)

B. If transaction is incorrect, requests that vendor correct the appropriate transaction information.

40. Returns to work location with the purchased merchandise and the customer copy of the Procurement Card charge slip.

41. Enters and maintains transaction information on the EQ1446E, Procurement Card Log.

42. Retains transaction documentation in secure file until Cardholder Transaction Detail is received.

DEQ Employee and
DEQ Supervisor

43. Follow steps in Procedure D, Procurement Card Billing.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 18 of 36

PROCEDURE C: Using a Procurement Card to Purchase Services

ISSUE:

The State Procurement Card provides an alternate means for DEQ Divisions and Offices to make purchases for required services. Typical services purchased by DEQ Divisions are: training, magazine/newspaper/professional journal subscriptions, equipment repair, locksmith services, key duplication, office machine maintenance, etc.

Division purchase of services must comply with DMB, Civil Service, and DEQ Policies and Procedures.

The Procurement Card may ONLY be used by the approved Cardholder whose name is embossed on the card. The card is NOT transferable between employees. Use by anyone other than the approved cardholder is prohibited. Cardholders who inappropriately use the Procurement Card are subject to disciplinary action up to and including termination of employment.

When may I use the card?

The Procurement Card may be used for vendor provided service transactions, of \$1,000 or less, if the following requirements are met:

- I. Consult with your Division's Administration Section to establish that the vendor you want to do business with is not 1099-reportable. The following methods should be used:
 - A. Verify that the 1099 Indicator on the ADPICS Vendor Table Maintenance screen (PCHL 5200) equals "N." If the 1099 Indicator equals "Y," the Procurement Card cannot be used for services with that vendor and normal purchasing procedures should be followed.
 - B. If the vendor is not on ADPICS, request that the vendor provide you with a completed Form W-9 (United States vendors) or W-8 (Foreign vendors). The vendor must be incorporated or a government agency in order to use the procurement card for services.

Note: The vendor should then be referred to DMB, Vendor Registration Helpline: 517-373-4111 (Lansing area) or 888-734-0749.

Retain a copy of the 1099 verification method used (A or B) with the transaction documentation. There may be a need to retrieve vendor reportable status for review or audit purposes.

- II. Civil Service requirements regarding CS138 Reporting must be fulfilled as with any other payment for services. Payments for CS138-reportable services need to be tracked so they can be included on year-end reports.

See DEQ Personnel Policy 11.03 Contractual Personnel Services
http://deqinet/personnel/manuals/personnel_manual/11-03.htm

What services can't be purchased with the Procurement Card?

Health and medical related services cannot be paid through the Procurement Card, regardless of the vendor status. All health and medical related services are 1099-reportable.

What are my responsibilities as a Cardholder?

Cardholders shall comply with DMB and DEQ Policies and Procedures pertaining to the State Procurement Card Program and ensure:

- **Card Security** - The card(s) shall be kept in the Cardholder's possession or locked up at all times. The Procurement Card(s) and account number(s) must be kept secure. Do not post the account number at your desk or write it down anywhere. Do not allow anyone else to use your Procurement Card. The card is not transferable to another employee.
- **Proper Transaction Processing** – Do not exceed the single-transaction dollar limit or other limits established for your account. Never split purchases in order to avoid exceeding the \$1,000 individual transaction limit. Tell the vendor that the transaction is to be tax-exempt. Provide the EQ1450E, Certificate of Tax-Exempt Sale, as supporting documentation of tax-exempt status when requested.
- **Proper Transaction Documentation** – Secure and retain all sales slips, register receipts, and/or Procurement Card charge slips. Enter and maintain an entry for each transaction on the EQ1446E, Procurement Card Log.
- **Account Reconciliation** - Verify that transaction documentation is available for all transactions on the Cardholder Transaction Detail Report.

FORMS USED:

Procurement Card Charge Slips

EQ1446E, Procurement Card Log

<http://deqinet/electronic/msoffice/xlstart/eq1446e%20procurement%20card%20log.xls>

EQ1450E, Certificate of Tax-Exempt Sale

<http://deqinet/electronic/msoffice/template/fbsd/EQ1450e%20sales%20tax%20exempt.dot>

POLICY REFERENCE:

DMB Administrative Guide Policy and Procedure 0510.03

<http://mainweb.state.mi.us/other/gsg/0510-03.htm#TopOfPage>

Cardholder Manual

<http://deqinet/divisions/fbsd/documents/ProcurementCardholderManual.doc>

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 20 of 36

DEFINITIONS:

DEQ Procurement Card Administrator – Department Procurement Card Program Administrator located in Financial and Business Services Division, Procurement.

DMB Procurement Card Administrator – Procurement Card Program Administrator for the State of Michigan located in DMB, Office of Purchasing, Customer Service Division.

PROCEDURE:

Responsibility

DEQ Employee

Action

1. Determines there is a business-related need to purchase a service.
2. Determines service specifications.
3. Seeks assistance of Division Administration Section to determine whether an acceptable service is on State contract.
 - A. If the service is on contract, follows appropriate internal process for making such purchases. See **Note** under: **When may I use the card?** (Page 18)
 - B. If the service is not on contract and the vendor is not 1099-reportable, proceeds with the purchase as long as the total cost is within the approved limits for their account.
4. Contacts vendor(s) considered the best source(s) for the purchase.
5. Refers to appropriate Section below depending on transaction method.

Section I - If Cardholder Transaction Will Be Made On The Internet:

The Internet provides a very convenient tool for making purchases using the Procurement Card. However, Cardholders must take precautions to ensure that Internet transactions do not jeopardize the security that must be maintained for their account(s). The following shall be considered prior to entering into a Procurement Card transaction on the Internet:

- What experience have you had with the vendor?

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 21 of 36

In this situation, experience and reputation are everything. The tried and true company with a "sterling" reputation that has been around for a while should receive first consideration. Now is not the time to try the new establishment with the flashy WebPage.

- Is the vendor up-front about their policies and guarantees?
- Does the vendor use a secure WebPage - "Secure Socket Layer" ("SSL")? SSL is an advanced encryption technology that protects your credit card information. SSL encrypts all ordering information so no one can read it in transit. In addition to the vendor's Guarantee of Privacy, SSL may be indicated by: (1) web address ending in an "s," i.e. "https" or (2) prominent placement of a closed padlock or a key on the WebPage.
Be aware that all pages on a website may not be secure or the security may not be activated. A broken key or open padlock may indicate inactive security.
- Require that the vendors you deal with demonstrate a commitment to customer privacy.
- Does the vendor's website give you the ability to track your order(s)?
- Will you be able to evaluate product acceptability within their return policy timeframe?

Responsibility

DEQ Employee

Action

6. Logs on to the Internet.
 - A. Enters the URL "address," or
 - B. Requests a "search" using a keyword, phrase, or subject category.
7. Determines the best buy situation for the Department by considering:
 - A. Whether the service provider can satisfy the requirements of the specifications.
 - B. Price.
 - C. Availability according to user/Division needs.
8. Determines whether selected vendor(s) offers a secure, online order form.
 - A. If website is not secure (per the information above), obtains vendor's telephone number and proceeds to place order via telephone. See **Section II.**
 - B. If website is secure (per the information above), follows the vendor's online instructions for placing your order.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 22 of 36

Responsibility

DEQ Employee (cont.)

Action

9. Verifies online order summary information prior to submitting order:
 - A. Ship To (work location) and Bill To addresses.
Note: The "Bill To" address for ALL State of Michigan Procurement Cards is: c/o DMB Purchasing – Pcard
530 W. Allegan, 2nd Floor
Lansing, MI 48933.
 - B. Credit Card account number.
 - C. Sales tax is not to be included.
Note: Provide vendor with a fax or electronic copy of EQ1450E, Certificate of Tax-Exempt Sale, and add message to order form stating "Sale to Governmental Agency, Tax-Exempt," prior to completion of online transaction.
 - D. Quantity, service number, and/or description and price.
10. Prints a copy of order summary and submits order according to online instructions.
11. Receives e-mail order confirmation from vendor.
12. Enters and maintains transaction information on the EQ1446E, Procurement Card Log.
13. Receives services. Verifies that service provider has complied with specifications for what was to be accomplished.
14. Records receipt of service on EQ1446E along with any notes regarding the transaction.
15. Reviews the Procurement Card charge slip for correct charge amount.
16. If the transaction charges are incorrect, the Cardholder shall immediately contact the vendor.

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 23 of 36****Responsibility****Action**

DEQ Employee (cont.)

17. If resolution of transaction error(s) is not satisfactory, contacts DEQ Procurement Card Administrator.
18. Retains transaction documentation in secure file until Cardholder Transaction Detail is received.

DEQ Employee and
DEQ Supervisor

19. Follow steps in Procedure D, Procurement Card Billing.

Section II - If Cardholder Transaction Will Be By Phone:

Follow steps 1-4 first.

Responsibility**Action**

DEQ Employee

20. Determines the best buy situation for the Department by considering:
 - A. Whether the service provider can satisfy the requirements of the specifications.
 - B. Price.
 - C. Availability according to user/Division needs.
 21. Contacts vendor considered the best source for the purchase and provides a copy of service specifications.
 22. Tells the selected vendor that the purchase:
 - A. Is being made for the State of Michigan.
 - B. Is tax-exempt.*
 - C. Payment will be made using a MasterCard Procurement Card after the service(s) has/have been provided.
- * Provide a copy of EQ1450E, Certificate of Tax-Exempt Sale, if the vendor requires documentation for tax and audit purposes.
23. Establishes a date and/or time period for the service(s) to be performed.

<u>Responsibility</u>	<u>Action</u>
DEQ Employee (cont.)	<p>24. Enters and maintains transaction information on the EQ1446E, Procurement Card Log.</p> <p>25. Receives services. Verifies that service provider complied with specifications for what was to be accomplished.</p> <p>26. Records receipt of service on EQ1446E along with any notes regarding the transaction.</p> <p>27. Reviews the Procurement Card charge slip for correct amount.</p> <p>28. If the transaction charges are <u>incorrect</u>, the Cardholder shall <u>immediately</u> contact the vendor.</p> <p>29. If resolution of transaction error(s) is not satisfactory, contacts DEQ Procurement Card Administrator.</p> <p>30. Retains transaction documentation in secure file until Cardholder Transaction Detail is received.</p>
DEQ Employee and DEQ Supervisor	<p>31. Follow steps in Procedure D, Procurement Card Billing.</p>

Section III - If Cardholder is making a local, in-person purchase:
Follow Steps 1-4 first.

<u>Responsibility</u>	<u>Action</u>
DEQ Employee	<p>32. Determines the best buy situation for the Department by considering:</p> <ul style="list-style-type: none"> A. Which service provider can best satisfy the requirements of the specifications. B. Price. C. Availability according to user/Division needs. <p>33. Contacts vendor considered the best source for the purchase.</p>

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 25 of 36

Responsibility

Action

DEQ Employee (cont.)

34. Tells the selected vendor that the purchase:
 - A. Is being made for the State of Michigan,
 - B. Is tax-exempt.*
 - C. Payment will be made using a MasterCard Procurement Card after the service has been completed.

* Provide a copy of EQ1450E, Certificate of Tax-Exempt Sale, if the vendor requires documentation for tax and audit purposes.
35. Establishes a date and/or time period for the service(s) to be performed.
36. Enters and maintains transaction information on the EQ1446E, Procurement Card Log.
37. Receives service(s). Verifies that service provider complied with specifications for what was to be accomplished.
38. Reviews the Procurement Card sales slip (to make sure taxes have not been added and transaction total is correct).
 - A. If transaction is correct, signs the charge slip and receives a customer copy.
 - B. If transaction is incorrect, requests that vendor correct the appropriate transaction information.
39. If resolution of transaction error(s) is not satisfactory, contacts DEQ Procurement Card Administrator.
40. Retains transaction documentation in secure file until Cardholder Transaction Detail is received.

DEQ Employee and
DEQ Supervisor

41. Follow steps in Procedure D, Procurement Card Billing.

PROCEDURE D: Procurement Card Billing

ISSUE:

The State Procurement Card provides DEQ employees whose work involves purchasing an alternate means to complete those transactions. As such, these transactions must be treated with the same review process as other financial transactions. Department Divisions/Offices will receive a Cardholder Transaction Detail for each Cardholder with transactions in the current reporting period (this usually coincides with the State's pay period). DEQ, Office of Financial Management, Expenditure Control, processes the payment for all Department Procurement Card accounts.

FORMS USED:

EQ1446E, Procurement Card Log

Card Log Instructions

<http://deqinet/electronic/msoffice/xlstart/eq1446e%20procurement%20card%20log.xls>

Cardholder Transaction Detail

EQ1451E, Cardholder Statement of Disputed Item(s)

<http://deqinet/electronic/msoffice/template/fbsd/eq1451e%20disputes.dot>

POLICY REFERENCE:

DMB Administrative Guide Policy and Procedure 0510.03

<http://mainweb.state.mi.us/other/gsg/0510-03.htm#TopOfPage>

Cardholder Manual

<http://deqinet/divisions/fbsd/documents/ProcurementCardholderManual.doc>

PROCEDURE:

Responsibility

DEQ Procurement
Card Administrator

Action

1. Reviews Cardholder Transaction Details recording comments for those purchases that appear questionable.
2. Prepares Fax transmittal for each DEQ Supervisor whose employee(s) has credit card transactions during the reporting period.
3. Faxes the appropriate Cardholder Transaction Detail(s) to the applicable Supervisor.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 27 of 36

Responsibility

Action

DEQ Procurement
Card Administrator (cont.)

4. Sends electronic memo to affected Supervisors and Cardholders notifying them the Transaction Detail(s) for the current reporting cycle have been faxed. The memo sets forth the following:
 - A. Response time (day and time).
 - B. Requests original transaction cycle information for any credit amounts.
 - C. Requests accounting (AY, index, PCA, project, and phase) to be used on transactions to be charged to alternate accounting.

DEQ Supervisor

5. Forwards copy of Cardholder Transaction Detail to Cardholder(s) indicating the reporting date for return of required backup information.

DEQ Employee

6. Compares Procurement Card Log and supporting documentation with Cardholder Transaction Detail to reconcile transaction(s) made.
7. In cases of **Sales Tax and Duplicate Billings**, contacts the vendor and seeks credit for the amount of the sales tax and/or duplicate billing.
8. In cases of **Unauthorized or Questionable Transactions**, contacts Customer Service at the Credit Card Company. The 1-800 toll free number appears on the credit card.
 - A. If an acceptable resolution has not been reached, calls the DEQ Procurement Card Administrator.
Note: Disputes that have not been resolved within 3 weeks should be submitted to Credit Card Company on the EQ1451E, Cardholder Statement of Disputed Items.
 - B. If an acceptable resolution has been reached, expects that a credit will be initiated to your account within 30 days.
Note: Payment will be made for the

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 28 of 36

Responsibility

Action

DEQ Employee (cont.)

full amount shown on the Cardholder Transaction Detail.

9. Notes effort to correct billing errors on Procurement Card Log.
10. Completes Procurement Card Log for the cycle reporting period per Log Instructions (Tab 2).
11. Attaches receipts or credit card charge slips and packing slips for each transaction to the log and indicates exception accounting for transactions as appropriate.
12. Forwards EQ1446E, Procurement Card Log with attachments to Supervisor within required timeframe.

DEQ Supervisor

13. Reviews Cardholder Transaction Detail with Procurement Card Log and attachments for:
 - A. Inappropriate, non work-related purchases;
 - B. Sales tax charged to purchases.
14. Discusses any purchase issues with employee(s) as necessary.
15. Signs the Procurement Card Log testifying review and approval of transaction(s) and supporting documentation and indicating transaction documentation is complete.
16. Notifies DEQ Procurement Card Administrator of any alternate accounting and/or credit transaction information within the timeframe required.

Note: If requested information is not provided within the time period required, the Division is responsible for processing a Journal Voucher after the payment has been processed to correct the default accounting.

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 29 of 36****Responsibility****Action**DEQ Procurement
Card Administrator

17. Receives alternate accounting and/or credit transaction information from DEQ Divisions/Offices or uses default account coding to process payment documents.
18. Prepares Request for Journal Voucher for each credit from a previous billing period. These documents must be processed one day before the actual DEQ Procurement Card payment.
19. Prepares a DEQ master payment list for the cycle period. The listing consists of all Cardholders and breaks their transactions down by accounting line (default or alternate information), as appropriate.
20. Verifies that the total of the payment list minus Journal Voucher credits equals the total amount of the DEQ Procurement Card transactions for the cycle.
21. Signs and dates the payment list and the Cardholder Rollup Report as correct and ready for payment.
22. Makes a copy of Journal Vouchers, Cardholder Transaction Details, and supporting documentation.
23. Submits payment document instructions and both copies of documentation to Expenditure Control Supervisor for processing of Credit Memos and payment.

DEQ Expenditure Control
Supervisor

24. Processes any Journal Vouchers and Direct Voucher payment per timeframe and instructions.
25. Notes electronic document numbers on both copies of payment documentation.

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 30 of 36****Responsibility****Action**DEQ Expenditure Control
Supervisor (cont.)

26. Returns copy of Journal Vouchers and Cardholder Transaction Detail to DEQ Procurement Card Administrator.
27. Files original of payment documentation in appropriate file.

DEQ Procurement

28. Verifies that:
 - A. The Direct Voucher entry into ADPICS posted;
 - B. The payment to credit card company was not delayed because of accounting errors; and
 - C. The payment equals the total dollar amount due by the Department.
29. Files copy of cycle payment documentation in appropriate file.

PROCEDURE E: Making Changes to Procurement Card Accounts

ISSUE:

After the State of Michigan Procurement Card is issued to the employee, circumstances may require that certain account information be changed to keep Cardholder and account information current. This Procedure covers the following types of account changes:

- Spending limit (to decrease or increase the approved daily/monthly limits).
Note: Spending limit changes must be pre-approved by the employee's immediate Supervisor and the Division Administration Section.
- Reinstate Account (changes status to reinstate transaction authorization).
- Cancellation (closes an account).
- Cardholder information (changes in name, office telephone numbers, or security code).

FORMS USED:

EQ1452E, Purchasing Card Account Maintenance Request

<http://deqinet/divisions/fbsd/documents/EQ1452pcardmaint.dot>

EQ1448E, Cardholder Agreement

<http://deqinet/electronic/msoffice/template/fbsd/eq1448e%20cardholder%20agreement.dot>

REFERENCE:

DMB Administrative Guide Policy and Procedure 0510.03

<http://mainweb.state.mi.us/other/gsq/0510-03.htm#TopOfPage>

Cardholder Manual

<http://deqinet/divisions/fbsd/documents/ProcurementCardholderManual.doc>

PROCEDURE:

Responsibility

Action

DEQ Employee

1. Completes **SECTION 1 Account Information** and appropriate additional section(s) of EQ1452E, Purchasing Card Account Maintenance Request, for the type of change required.

SECTION 2 Spending Limit Change

DEQ has established the following approved spending limits:

Single Transaction Purchase	\$1,000.00
Monthly Spending Limit	\$5,000.00

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 32 of 36

Divisions may request that lower limits be set on a card. Requests for higher limits must be submitted with justification to DEQ Procurement Card Administrator and approved by Deputy Director for Operations. Splitting purchases into multiple transactions to avoid exceeding the single-transaction limit is prohibited.

Responsibility

Action

DEQ Employee

2. Attaches statement to EQ1452E explaining why the change is necessary.
3. Submits the EQ1452E to immediate Supervisor.

DEQ Supervisor

4. Reviews the EQ1452E request for spending limit change(s).
 - A. If not approved, returns to employee with reason for denial.
 - B. If approved, signs the EQ1452E and forwards to Division Administration Section.

DEQ Division
Administration Section

5. Reviews request for account spending limit change(s).
 - A. If not approved, returns to Supervisor with reason for denial.
 - B. If approved, initials and forwards to DEQ Procurement Card Administrator.

DEQ Procurement
Card Administrator

6. Reviews request for account spending limit change(s).
7. Signs and dates the EQ1452E and faxes to credit card vendor.
8. Files original EQ1452E with Cardholder records.

SECTION 3 Reinstate Account

This Section is used to reinstate previous Cardholder authorization. Reinstating Cardholder transaction authorization is necessary when an employee returns from a leave of absence and the employee and Supervisor agree that the employee's Procurement Card is a valuable purchasing option.

DEQ Employee

9. Attaches statement to EQ1452E explaining why the reinstatement is necessary.

DEQ POLICY AND PROCEDURES**SUBJECT: Procurement Card Program****Number: 01-012****Date: November 1, 2001****Page 33 of 36**

<u>Responsibility</u>	<u>Action</u>
DEQ Employee (cont.)	10. Submits the EQ1452E to immediate Supervisor.
DEQ Supervisor	11. Reviews the EQ1452E request to reinstate account. A. If not approved, returns to employee with reason for denial. B. If approved, signs and forwards to Division Administration Section.
DEQ Division Administration Section	12. Reviews EQ1452E request for account reinstatement. A. If not approved, returns to Supervisor with reason for denial. B. If approved, initials and forwards to DEQ Procurement Card Administrator.
DEQ Procurement Card Administrator	13. Reviews EQ1452E request for account reinstatement. 14. Signs and dates the EQ1452E and faxes to credit card vendor. 15. Sends copy of approved EQ1452E to the DMB Program Administrator. 16. Files original EQ1452E reinstatement request in pending folder.
Credit Card Vendor	17. Processes DEQ request for Cardholder reinstatement. 18. Sends new credit card with new account number to DMB, Office of Purchasing.
DMB Office of Purchasing	19. Forwards new credit card to DEQ Procurement Card Administrator.
DEQ Procurement Card Administrator	20. Records new account number and employee information on DEQ Active Cardholder Listing. 21. Sends the new credit card; the EQ1448E, Cardholder Agreement; and notification memo to employee.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 34 of 36

Responsibility

Action

DEQ Procurement
Card Administrator (cont.)

22. Sends copy of notification memo to employee's Supervisor.

SECTION 4 Cancellation

Requests for Procurement Card account cancellation shall be processed when:

- The Cardholder's job activities no longer require a procurement card;
- The Cardholder takes an extended leave of absence;
- The Cardholder leaves State employment;
- The Cardholder transfers to another DEQ Division or State Department.

The cancellation process shall be completed expediently to lessen the Division's liability for account activity.

DEQ Employee

23. Gives the EQ1452E and the Procurement Card that has been cut in half to immediate Supervisor.

DEQ Supervisor

24. Secures the card from employee and completes **SECTION 4 Cancellation** on the EQ1452E.
25. Signs EQ1452E and forwards to DEQ Procurement Card Administrator.
26. Notifies the Division Administration Section that Cardholder account is being cancelled.

DEQ Procurement
Card Administrator

27. Reviews request for account cancellation.
28. Signs and dates the EQ1452E and faxes to credit card vendor.
29. Sends copy of approved EQ1452E to the DMB Program Administrator.
30. Files original EQ1452E with Cardholder records.

Credit Card Vendor

31. Processes close account request and mails closure letter in the Cardholder's name to the address on the account.

<u>Responsibility</u>	<u>Action</u>
DMB Office of Purchasing	32. Forwards closure letter to DEQ Procurement Card Administrator
DEQ Procurement Card Card Administrator	33. Receives the closure letter verifying that the account status is "Closed." 34. Attaches a copy of the account closure letter to the employee's account records. 35. Forwards vendor closure letter to employee.

SECTION 5 Update Account Information

The Cardholder is responsible for updating personal information (name changes, office phone numbers, or security code) in order to keep account information current.

DEQ Employee	36. Submits the EQ1452E to immediate Supervisor.
DEQ Supervisor	37. Reviews EQ1452E request to update account information, recording new information in employee account records. 38. Signs the EQ1452E and forwards to Division Administration Section.
DEQ Division Administration Section	39. Reviews request to update account information and records information as necessary. 40. Forwards EQ1452E to the DEQ Procurement Card Administrator.

DEQ POLICY AND PROCEDURES

SUBJECT: Procurement Card Program

Number: 01-012

Date: November 1, 2001

Page 36 of 36

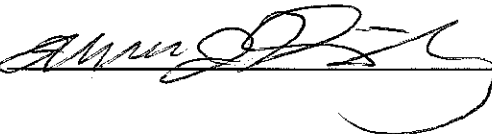
Responsibility

Action

DEQ Procurement
Card Administrator

41. Reviews EQ1452E request to update account information.
42. Faxes copy of signed EQ1452E to credit card vendor.
43. Files original EQ1452E request to update account information with Cardholder records.

Approved: _____



Date: _____

11/29/01